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# Outsourcing

“Do I cook dinner or get a takeaway, does it matter where it comes from and how do I place the order?”

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apm

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- 15 years of procurement consulting
- Specialise in outsourcing
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- Evangelist for Outcome Based Agreements

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## Shape of this Presentation

- Want this to be a dialogue
- Serious message in a light hearted manner?
- Enjoy
- It is not simple
- Your takeaway -  
Simplified perspective  
Key issues for PM
- What is your understanding, prejudice or challenge regarding outsourcing?

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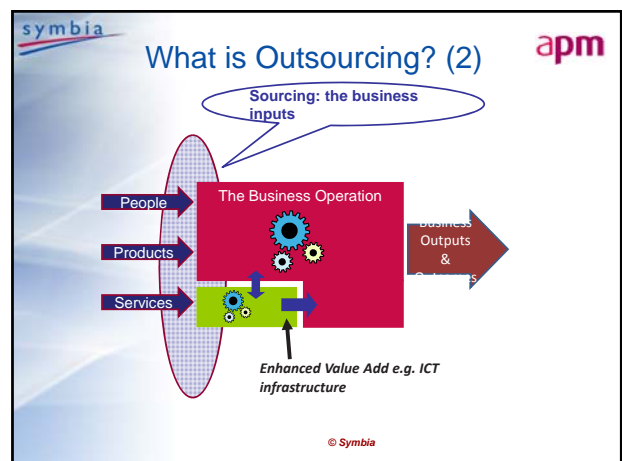
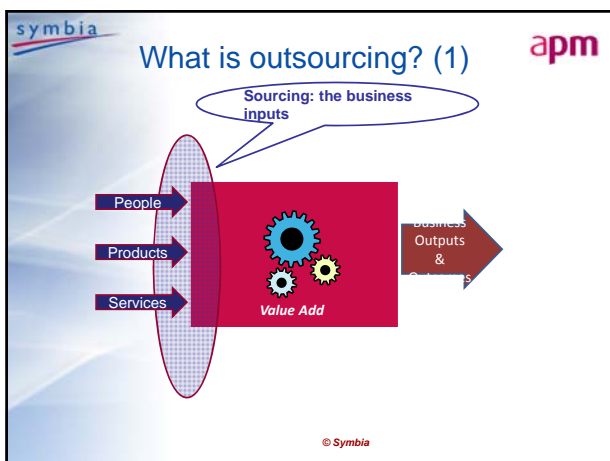
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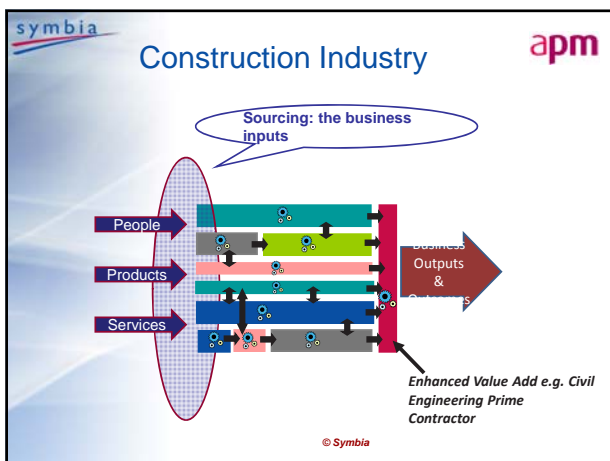
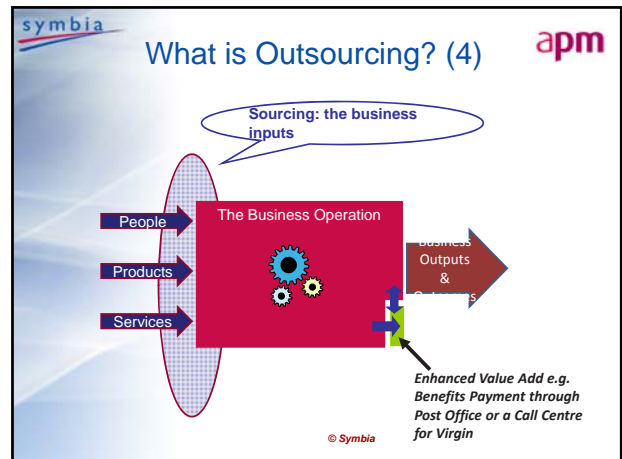
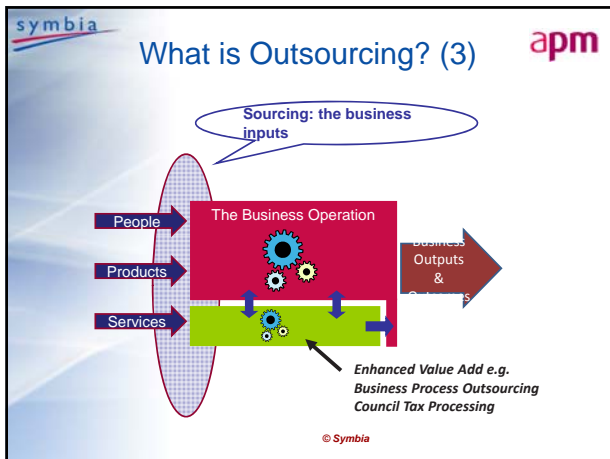
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## Outsourcing

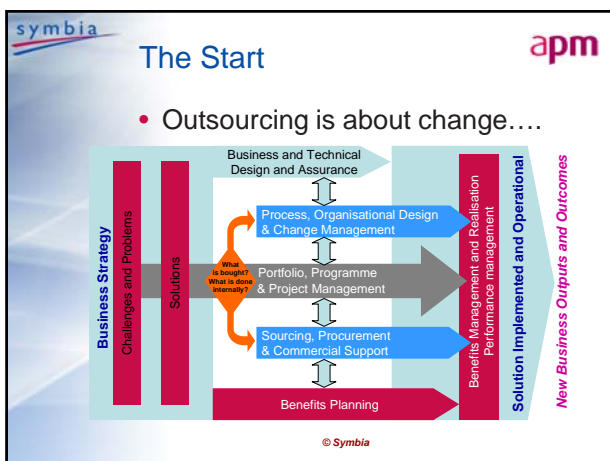
- Outsourcing is subcontracting a business process (or service), such as product design or manufacturing, to a third-party company
- Many varieties:
  - Risk reward
  - Gain-share
  - Outcome based contracting
  - Partnerships
  - Joint Ventures

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- Critical Issues**
- Vision – output and outcomes
  - Scope – what is the package of work
  - Value add – who is best placed to do it well
  - Boundary – how is it put together
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- The Takeaway**
- Am I hungry?
  - Do I cook dinner or outsource?
  - If I outsource, what form should it take?
  - Does it matter where I get it from?
  - What do I need to do?
  - What needs to happen?
  - Was I satisfied?
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**What is the problem?**  
(Am I hungry?)




- Poor service
- Expensive
- Needs new capital investment
- Cannot recruit staff
- Budget cuts
- Change is forced on organisation
- Someone can do it faster, cheaper and/or better

**Output = Business Strategy**

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**Do I outsource?**  
(Do I cook dinner or outsource?)

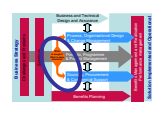


- What must be achieved?
- What options?
  - Scope and services
  - Core business
  - Market capability
  - Legacy
  - Recruitment
  - Value add to organisation
  - Cost
  - How much pain/change?

**Output = Sourcing Strategy Business Case**

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**What sort of arrangement?**  
(If I buy outside, what form should it take?)

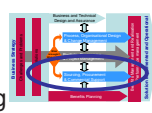


- Joint Venture
- Partnership
- Risk reward
- Input based
- Flexibility and agility
- PFI
- Offshoring
- Outcome Based Agreements

**Output = Procurement Strategy**

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**Which Supplier?**  
(Does it matter where I get it from?)




- Requirements
- PQQ
- PQQ Evaluation+Shortlisting
- Tendering - competitive dialogue
  - business engagement
  - develop solution(s)
- Negotiation
- Evaluation and solution/supplier selection
- Manage change

**Output = Contractual Relationship**

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**Managing the Change?**  
(What do I need to do?)



- How does the business need to change?
- Manage the boundaries
- Manage staff (Tupe)
- Change processes
- New practices and procedures
- Manage expectations
- Asset transfer

**Output = Work with suppliers – implementation plan**

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**Managing the Process?**  
(What needs to happen?)



- Focus on benefits
- Let the experts work it out
- Focus on process not content
- Good PM techniques - Prince 2 – good
- Commercially astute with procurement experience
- Strategic – focus on needs of business
- Public sector – OGC techniques
- Facilitate boundaries and cross cutting issues

**Output = Plan and project management regime**

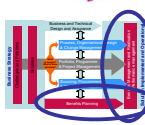
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**Benefits Planning+Realisation?** **apm**  
(Am I satisfied?)

Refer to strategy and business case

- KPIs – are these being met?
- Accountability who is responsible and are they doing it?
- Supplier management
- Is the business changing?
- Are the benefits happening?

**Output = Changed business that is more efficient and effective**



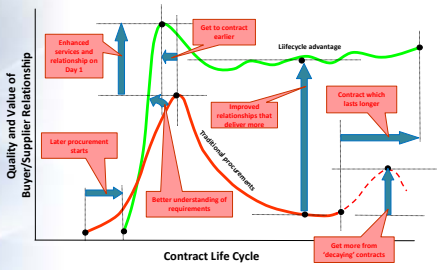
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**Implications for PM (1)** **apm**

- No prejudice regarding what is being bought
- Design a process which will get the right business outcomes
- Facilitation
- Commercial risk management
- Stakeholder management
- Visionary
- Relationship manager
- Strong people skills
- Comprehensive 'kit-bag'

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**Managing the Relationship** **apm**



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**Conclusions** **apm**

- One of the greatest professional experiences
- Exposure to all aspects of business
- Strong stakeholder engagement and sponsorship
- Strong project management process covering all components
- Deal maker not a solution provider

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**ENJOY!!!**



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